

SANDEN CORPORATION

Feb 14, 2023

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

Fiscal year ended December 31, 2022

SANDEN CORPORATION

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(URL: <https://www.sanden.co.jp/english/index.html>)

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Shares listed: Tokyo Stock Exchange
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Scheduled date of annual general meeting of shareholders: March 30, 2023

Scheduled date to file annual securities report: March 30, 2023

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Fractions less than ¥1 million omitted)

1. Consolidated Financial Results for the current fiscal year (January 1, 2022- December 31, 2022)

(1) Results of operations

(%: percentage change from previous fiscal year)

	Net sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Ordinary income (Millions of ¥, %)		Net income (Millions of ¥, %)
Fiscal year ended December 31, 2022	175,683	-	(5,729)	-	(4,140)	-	(1,613)
Fiscal year ended December 31, 2021	119,587	-	(12,470)	-	(11,728)	-	15,888
Notes: Equity in Comprehensive Income: December 31, 2022 ¥ (424)million -% December 31, 2021 ¥ 19,369million -%							
	Net income per share basic (¥)		Net income per share diluted (¥)		Net income over equity ratio (%)		Ordinary income over total assets ratio (%)
Fiscal year ended December 31, 2022	(14.48)	-		(7.1)		(2.7)	(3.3)
Fiscal year ended December 31, 2021	167.79	-		713.3		(7.7)	(10.4)

Notes: Equity in earnings (losses) of affiliates: December 31, 2022 ¥ 3,439million December 31, 2021 ¥ 2,192million

Notes: The previous consolidated fiscal year was the transitional period of the change in fiscal year end, and the consolidated cumulative period of the previous fiscal year is nine months (April 1 to December 31, 2021) for the Company and its consolidated subsidiaries whose financial statements were settled in March. The consolidated subsidiaries with December settlement have irregular settlement with twelve months (January 1 to December 31, 2021) as the consolidated period. For this reason, the percentage change from the previous period is not shown.

(2) Financial positions

(Fractions less than ¥1 million omitted)

	Total assets (Millions of ¥)		Net assets (Millions of ¥)		Equity Ratio of equity over total assets (%)		Net assets per share (¥)
Fiscal year ended December 31, 2022	157,428		23,366		14.3		201.75
Fiscal year ended December 31, 2021	151,189		23,835		15.1		205.51

Notes: Equity capital December 31, 2022 ¥ 22,485million December 31, 2021 ¥ 22,901million

(3) Cash flows

(Millions of ¥; Fractions less than ¥1 million omitted)

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period
Fiscal year ended December 31, 2022	(10,125)		(4,486)		5,077		17,102
Fiscal year ended December 31, 2021	(7,409)		(5,209)		19,735		25,912

2.Dividends

	Dividend per share (¥)					Total annual dividends	Dividend payout ratio (Consolidated)	Ratio of dividend payout over net assets (Consolidated)
	1Q	2Q	3Q	4Q	Total	(Millions of ¥)	(%)	(%)
Fiscal year ended December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of business results for the next fiscal year (Jan 1, 2023-December 31, 2023)

(%: percentage change from the same period of the previous fiscal year)

	Net sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Ordinary income (Millions of ¥, %)		Net income (Millions of ¥, %)		Net income per share basic (¥)
Fiscal year ended December 31, 2023	183,000	4.2	(5,700)	-	(3,700)	-	(1,600)	-	(14.36)

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes, Sanden Automotive Components Corporation.

For details, please refer to "3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Changes in significant subsidiaries during the period)" on page 13 of the attached document.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(b) Changes other than in (a): None
(c) Changes in accounting estimates: None
(d) Restatement: None

- (3) Number of issued shares (common stock, shares)

- (a) Issued shares (including treasury shares)

As of December 31, 2022:	111,693,313	As of December 31, 2021:	111,693,313
As of December 31, 2022:	242,686	As of December 31, 2021:	259,558
As of December 31, 2022:	111,444,871	As of December 31, 2021:	94,693,416

- (b) Treasury shares

- (c) Average number of shares outstanding during the period (cumulative)

[Reference] Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended December 2022 (January 1, 2022 – December 31, 2022)

- (1) Operating results (Non-consolidated)

(Percentage figures represent year on year changes)

	Net Sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended December 31, 2022	75,107	-	(7,322)	-	(3,767)	-	(5,324)	-
Fiscal year ended December 31, 2021	6,871	-	(10,923)	-	(32,919)	-	19,023	-

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Fiscal year ended December 31, 2022	(47.78)	-
Fiscal year ended December 31, 2021	200.67	-

Note: The previous financial year was the transitional period of the change in financial year end, and the company has an irregular financial year of 9 months (April 1, 2021 to December 31, 2021). For this reason, the percentage change from the previous year is not shown.

- (2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity Ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
Fiscal year ended December 31, 2022	99,877	18,201	18.2	163.31
Fiscal year ended December 31, 2021	77,383	23,586	30.5	211.47

Reference: Shareholders' equity

As of December 31, 2022: ¥ 18,201million

As of December 31, 2021: ¥ 23,586million

* This report is exempt from audit conducted by certified public accountants or an audit corporation.

* Cautionary statement regarding forecasts of operating results and special notes (Notes to the forward-looking statements and others)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promised by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook" on page 3.

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1. Results of Operations

(1) Overview of Results of Operations

The activities of Sanden Group are guided by the vision of “becoming the global leader in the fields of automotive compressors and integrated thermal management systems.” With the global automobile industry currently in the midst of a period of enormous changes, we are focusing on providing solutions with advanced technologies for electric vehicles, which are the source of competitive advantage, increasing our presence in China and Europe, two major growing markets, and further enlarging our broad customer base. As we take these actions, we will continue to be a source of products and services that accurately target the environmental requirements of our customers.

Starting from the fiscal period ended in December 2021, Sanden Group has decided to make our fiscal year the same as the fiscal year used by Hisense Group to strengthen our accounting and management operations and make these activities more efficient. As a result, the current fiscal year is a twelve-month period from January 1 to December 31, 2022. The consolidated financial statements for previous transitional fiscal period are for the nine months from April 1 to December 31, 2021. Because the previous accounting period was irregular, reflecting nine-months periods (from April 1, 2021 to December 31, 2021) for the parent and consolidated subsidiaries with the March year end and twelve-months periods (from January 1, 2021 to December 31, 2021) for the consolidated subsidiaries with the December year end, there are no prior-year comparisons.

During the current fiscal year, the global economy has been mostly on the recovery trend, as restrictions on economic activities due to the pandemic of the COVID-19 have been eased. On the other hand, outlook of global economies are still uncertain due to lingering impacts from extended Ukrainian situation, fluctuations in foreign exchange rates, and soaring raw material prices globally, as well as lingering supply shortages in some parts such as semiconductors.

Although there were negative impacts from declining automobile production year on year in Europe, our mainstay market, because of conflicts in Ukraine and shortages of semiconductors, sales in Japan, Asia, China and the US were recovering. The result was sales of the current fiscal year of 175,683 million yen. Operating loss was 5,729 million yen because of lingering higher raw material prices and increase in logistic expenses in line with delayed supply despite improved profitability thanks to the higher utilization rate with recovering sales volume. Ordinary losses improved to 4,140 million yen mainly thanks to share of profit of entities accounted for using equity method. Consequently losses attributable to owners of parent was 1,613 million yen due to ordinary losses and impairment losses on fixed assets in Japan and Europe following the progress of the business revitalization plan on one hand and reversal of provision for business restructuring on the other hand.

There is no business segment information because Automotive Systems is the only reportable segment of Sanden Group.

(2) Overview of Financial Condition

Total assets were 157,428 million yen at the end of the current fiscal year, up 6,238 million yen from the end of the previous fiscal period mainly because of increase in trade receivables.

Liabilities increased 6,707 million yen to 134,061 million yen mainly because of increases in trade payables and short-term borrowings.

Net assets decreased 469 million yen to 23,366 million yen because of decrease in retained earnings.

(3) Overview of Cash Flows

Cash and cash equivalents were 17,102 million yen at the end of the current fiscal year, 8,809 million yen fewer than at the end of the previous fiscal period.

Net cash used in operating activities was 10,125 million yen because of reversal of provision for business restructuring, share of profit of entities accounted for using equity method and decrease in allowance for doubtful accounts.

Net cash used in investing activities was 4,486 million yen mainly because of 5,905 million yen for purchase of property, plant and equipment.

Net cash provided by financing activities was 5,077 million yen as cash was provided by an increase in short-term borrowings.

Cash flow indicators are as follows.

	Fiscal period ended December 2021	Fiscal year ended December 2022
Equity ratio (%)	15.1	14.3
Market cap equity ratio (%)	16.7	13.8
Cash flow/interest-bearing debt ratio (X)	-	-
Interest coverage ratio (X)	-	-

Equity ratio is shareholders' equity divided by total assets.

Market cap equity ratio is market capitalization divided by total assets.

Cash flow/ interest-bearing debt ratio is interest-bearing debt divided by operating cash flows.

Interest coverage ratio is operating cash flows divided by interest expenses.

Notes: 1 All figures are based on consolidated financial data.

2 Market capitalization is calculated based on the number of shares issued after deducting treasury shares.

3 Operating cash flows are cash flows from operating activities in the consolidated statements of cash flows.

4 Interest-bearing debt is the sum of all interest-bearing liabilities on the consolidated balance sheets.

5 Interest expenses are interest paid as shown in the consolidated statements of cash flows.

6 Cash flow/interest-bearing debt ratio and interest coverage ratio are not shown for the fiscal periods that ended in December 2021 and December 2022 because there were negative operating cash flows.

(4) Outlook

Although Sanden Group companies have continued to conduct business operations based on the business revitalization plan of the business revitalization ADR procedure, the outlook for the business climate of the Group remains uncertain because of the impacts from prolonged situations in Ukraine, fluctuations in foreign exchange rates, worldwide soaring of raw materials, lingering shortages in some parts such as semiconductors, and uncertain outlook for the world economy.

The sales and earnings forecasts for 2023 are as follows.

Sales will be affected by the global shortage of semiconductors and parts made of resin, reduced output by customers due to supply chain instability caused by logistics disruption, and other reasons. Nevertheless, we expect recoveries of markets in Europe and North America. As a result, we forecast sales of 183,000 million yen.

We forecast an operating loss of 5,700 million yen because of the investments for growth developments in line with the electrification of vehicles.

We forecast an ordinary loss of 3,700 million yen and a loss attributable to owners of parent of 1,600 million yen. These forecasts include an expected share of profit of equity-method affiliates in China.

This forecast assumes exchange rates of 130.00 yen to the U.S. dollar and 139.00 yen to the euro.

(Million yen)

	Fiscal year ended December 2022 (Actual)	Fiscal year ending December 2023 (Forecast)
Net sales	175,683	183,000
Operating income (loss)	(5,729)	(5,700)
Ordinary income (loss)	(4,140)	(3,700)
Profit (loss) attributable to owners of parent	(1,613)	(1,600)

(5) Fundamental policy for allocation of earnings and dividends for the current fiscal year and next year

Distributing earnings to shareholders is one of the highest priorities of Sanden. Based on our policy of making earnings distributions in accordance with consolidated results of operations, our goal is to pay a stable and consistent dividend.

There will be no year-end dividend for 2022 because group companies are currently implementing business revitalization activities based on the business revitalization ADR procedure.

For 2023, there is no plan to pay a dividend because of the outlook for the business climate to remain challenging.

We will focus our resources and activities on going everything possible to resume dividend payments quickly by benefiting as much as possible from synergies with Hisense Group in order to accelerate activities for the revitalization of business operations.

2. Basic Position concerning Selection of Accounting Standards

To begin the use of International Financial Reporting Standards (IFRS) in the future, a study is under way concerning the establishment of accounting principles and other preparations and the timing of the application of IFRS.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheets

(Million yen)

	Fiscal period ended December 2021 (As of December 31, 2021)	Fiscal year ended December 2022 (As of December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	27,542	18,620
Notes and accounts receivable - trade, and contract assets	42,414	47,667
Merchandise and finished goods	14,004	15,016
Work in process	7,121	8,050
Raw materials	9,508	10,755
Other inventories	1,575	1,789
Accounts receivable - other	3,347	3,378
Consumption taxes receivable	2,340	4,540
Other	7,826	9,338
Allowance for doubtful accounts	(17,479)	(17,317)
Total current assets	98,200	101,840
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,014	14,016
Machinery, equipment and vehicles, net	5,825	7,008
Tools, furniture and fixtures, net	1,877	2,810
Land	6,439	6,552
Leased assets, net	2,064	1,868
Construction in progress	3,635	3,011
Total property, plant and equipment	33,856	35,267
Intangible assets		
Other	688	1,138
Total intangible assets	688	1,138
Investments and other assets		
Investment securities	17,004	18,188
Retirement benefit asset	130	88
Deferred tax assets	206	14
Other	2,339	2,051
Allowance for doubtful accounts	(1,238)	(1,160)
Total investments and other assets	18,442	19,181
Total noncurrent assets	52,988	55,588
Total assets	151,189	157,428

(Million yen)

	Fiscal period ended December 2021 (As of December 31, 2021)	Fiscal year ended December 2022 (As of December 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	31,319	35,737
Short-term borrowings	39,366	48,381
Current portion of long-term borrowings	274	268
Accounts payable - other	8,444	7,344
Lease obligations	2,320	1,921
Income taxes payable	1,004	1,155
Provision for bonuses	1,505	1,692
Provision for product warranties	4,664	4,798
Provision for loss on compensation for damage	2,428	2,356
Provision for business restructuring	14,318	9,749
Other	8,729	9,838
Total current liabilities	114,375	123,244
Noncurrent liabilities		
Long-term borrowings	584	355
Lease obligations	6,051	4,408
Deferred tax liabilities	1,586	1,772
Retirement benefit liability	2,646	2,229
Provision for environmental measures	500	532
Other	1,608	1,518
Total noncurrent liabilities	12,977	10,816
Total liabilities	127,353	134,061
NET ASSETS		
Shareholders' equity		
Share capital	21,741	21,741
Capital surplus	14,081	14,081
Retained earnings	(15,151)	(16,765)
Treasury shares	(565)	(531)
Total shareholders' equity	20,105	18,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(12)
Foreign currency translation adjustment	3,084	3,561
Remeasurements of defined benefit plans	(284)	410
Total accumulated other comprehensive income	2,795	3,959
Non-controlling interests	934	881
Total net assets	23,835	23,366
Total liabilities and net assets	151,189	157,428

(2) Statements of consolidated income and consolidated comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal period ended December 2021 (Apr. 1, 2021 – Dec. 31, 2021)	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)
Net sales	119,587	175,683
Cost of sales	108,760	154,030
Gross profit	10,826	21,653
Selling, general and administrative expenses	23,297	27,382
Operating income (loss)	(12,470)	(5,729)
Non-operating income		
Interest income	182	48
Dividend income	8	25
Share of profit of entities accounted for using equity method	2,192	3,439
Foreign exchange gains	383	-
Rental income	655	772
Other	454	1,146
Total non-operating income	3,876	5,432
Non-operating expenses		
Interest expenses	698	1,142
Foreign exchange losses	-	612
Provision of allowance for doubtful accounts	-	481
Advisory expenses	790	-
Other	1,644	1,605
Total non-operating expenses	3,134	3,842
Ordinary income (loss)	(11,728)	(4,140)
Extraordinary income		
Gain on forgiveness of debts	63,000	-
Gain on sale of non-current assets	86	73
Gain on sale of shares of subsidiaries and associates	-	1,050
Reversal of allowance for doubtful accounts	-	2,487
Reversal of provision for business restructuring	-	3,732
Other	238	133
Total extraordinary income	63,324	7,477
Extraordinary losses		
Impairment losses	12,275	2,906
Loss on disposal of non-current assets	401	131
Business restructuring expenses	16,105	-
Provision for loss on compensation for damage	2,428	-
Other	207	909
Total extraordinary losses	31,419	3,947
Profit (loss) before income taxes	20,177	(610)
Income taxes - current	2,524	842
Income taxes - deferred	2,446	221
Total income taxes	4,970	1,064
Profit (loss)	15,206	(1,674)
Profit (loss) attributable to non-controlling interests	(681)	(60)
Profit (loss) attributable to owners of parent	15,888	(1,613)

Consolidated statement of comprehensive income

(Million yen)

	Fiscal period ended December 2021 (Apr. 1, 2021 – Dec. 31, 2021)	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)
Profit (loss)	15,206	(1,674)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(11)
Deferred gains or losses on hedges	28	-
Foreign currency translation adjustment	819	(296)
Remeasurements of defined benefit plans, net of tax	57	695
Share of other comprehensive income of entities accounted for using equity method	3,261	862
Total other comprehensive income	4,163	1,249
Comprehensive income	19,369	(424)
Comprehensive income attributable to owners of parent	19,925	(449)
Comprehensive income attributable to non-controlling interests	(555)	24

(3) Consolidated statement of changes in equity
Previous fiscal period (Apr. 1, 2021 – Dec. 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,037	3,377	(30,944)	(674)	(17,204)
Changes during period					
Issuance of new shares	10,704	10,704			21,408
Profit (loss) attributable to owners of parent			15,888		15,888
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	109	109
Decrease in capital surplus and retained earnings by adjustment of inflation accounting			(95)		(95)
Net changes in items other than shareholders' equity					
Total changes during period	10,704	10,704	15,792	108	37,310
Balance at end of period	21,741	14,081	(15,151)	(565)	20,105

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1	(28)	(873)	(341)	(1,241)	1,490	(16,956)
Changes during period							
Issuance of new shares							21,408
Profit (loss) attributable to owners of parent							15,888
Purchase of treasury shares							(0)
Disposal of treasury shares							109
Decrease in capital surplus and retained earnings by adjustment of inflation accounting							(95)
Net changes in items other than shareholders' equity	(6)	28	3,957	57	4,037	(555)	3,481
Total changes during period	(6)	28	3,957	57	4,037	(555)	40,791
Balance at end of period	(4)	-	3,084	(284)	2,795	934	23,835

Current fiscal year (Jan. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,741	14,081	(15,151)	(565)	20,105
Changes during period					
Profit (loss) attributable to owners of parent			(1,613)		(1,613)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				34	34
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,613)	33	(1,580)
Balance at end of period	21,741	14,081	(16,765)	(531)	18,525

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(4)	-	3,084	(284)	2,795	934	23,835
Changes during period							
Profit (loss) attributable to owners of parent							(1,613)
Purchase of treasury shares							(0)
Disposal of treasury shares							34
Net changes in items other than shareholders' equity	(7)	-	476	695	1,164	(53)	1,111
Total changes during period	(7)	-	476	695	1,164	(53)	(469)
Balance at end of period	(12)	-	3,561	410	3,959	881	23,366

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal period ended Dec. 2021 (Apr. 1, 2021 – Dec. 31, 2021)	Fiscal year ended Dec. 2022 (Jan. 1, 2022 – Dec. 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	20,177	(610)
Depreciation	3,635	4,462
Increase (decrease) in provision for bonuses	153	116
Increase (decrease) in retirement benefit liability	(98)	(700)
Increase (decrease) in allowance for doubtful accounts	(2,174)	(2,811)
Increase (decrease) in provision for product warranties	1,858	(92)
Increase (decrease) in provision for environmental measures	(4)	43
Increase (decrease) in provision for loss on compensation for damage	2,428	(71)
Interest and dividend income	(190)	(73)
Interest expenses	692	1,131
Share of loss (profit) of entities accounted for using equity method	(2,192)	(3,439)
Gain on sale of non-current assets	(86)	(18)
Loss on disposal of non-current assets	401	76
Loss (gain) on sale of shares of subsidiaries and associates	-	(1,050)
Gain on forgiveness of debt	(63,000)	-
Reversal of provision for business restructuring	-	(3,732)
Impairment losses	12,275	2,906
Business restructuring expenses	16,105	-
Decrease (increase) in trade receivables	4,319	(1,178)
Decrease (increase) in inventories	(4,511)	(966)
Decrease (increase) in accounts receivable - other	881	130
Decrease (increase) in consumption taxes refund receivable	1,232	(1,751)
Increase (decrease) in other non-current liabilities	(308)	(420)
Increase (decrease) in trade payables	(2,690)	3,610
Increase (decrease) in accounts payable - other	2	(1,764)
Increase (decrease) in accrued expenses	1,934	901
Decrease (increase) in other current assets	150	(918)
Increase (decrease) in other current liabilities	948	3
Other, net	(1,208)	(4,984)
Subtotal	(9,265)	(11,202)
Interest and dividends received	3,244	2,907
Interest paid	(698)	(1,163)
Income taxes refund (paid)	(689)	(667)
Net cash provided by (used in) operating activities	(7,409)	(10,125)

(Million yen)

	Fiscal period ended Dec. 2021 (Apr. 1, 2021 – Dec. 31, 2021)	Fiscal year ended Dec. 2022 (Jan. 1, 2022 – Dec. 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,460)	(5,905)
Proceeds from sale of property, plant and equipment	318	175
Purchase of intangible assets	(75)	(84)
Purchase of investment securities	(13)	(17)
Payments into time deposits	(7)	-
Proceeds from withdrawal of time deposits	4	2
Proceeds from sale of shares of subsidiaries and associates	-	1,166
Other, net	24	176
Net cash provided by (used in) investing activities	(5,209)	(4,486)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	18,422	7,829
Repayments of long-term borrowings	(17,512)	(341)
Redemption of bonds	(800)	-
Proceeds from issuance of shares	21,408	-
Repayments of lease obligations	(1,891)	(2,444)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	109	34
Other, net	0	(0)
Net cash provided by (used in) financing activities	19,735	5,077
Effect of exchange rate change on cash and cash equivalents	592	725
Net increase (decrease) in cash and cash equivalents	7,708	(8,809)
Cash and cash equivalents at beginning of period	18,203	25,912
Cash and cash equivalents at end of period	25,912	17,102

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

None

(Changes in important subsidiaries during the period)

On January 1, 2022, we executed an absorption-type merger, with Sanden Holdings Corporation as the surviving company, and Sanden Automotive Components Corporation, Sanden Automotive Climate Systems Corporation, Sanden Advanced Technology Corporation, Sanden Business Associate Corporation, Sanden Living & Environmental Systems Corporation, Sanden Environmental Products Corporation and Sanwa Corporation as the dissolving companies and executed simple-form absorption-type company split with its wholly-owned subsidiary, Sanden System Engineering Corporation ("SSE"), as the company to be split, and Sanden Holdings Corporation, as the succeeding company, shall succeed to SSE's business conducted towards the group companies. At the same time, we changed our trade name from Sanden Holding Corporation to Sanden Corporation.

Sanden Automotive Components Corporation, the dissolving company in the absorption-type merger, was our specified subsidiary.

(Segment information)

I Previous fiscal period (April 1, 2021 – December 31, 2021)

Omitted because Sanden Group has only the single reportable segment of Automotive Systems.

II Current fiscal year (January 1, 2022 – December 31, 2022)

Omitted because Sanden Group has only the single reportable segment of Automotive Systems.

(Per-share information)

(Yen)

	Previous fiscal period (April 1, 2021 – December 31, 2021)	Current fiscal year (January 1, 2022 – December 31, 2022)
Net asset per share	205.51	201.75
Earnings (loss) per share	167.79	(14.48)

Notes: 1. Diluted earnings per share for previous fiscal period is not presented since the company had no potential shares. Diluted earnings per share for current fiscal year is not presented since earnings per share for current fiscal year was a negative figure and the company had no potential shares.

2. Shares held by the Executive Compensation Board Incentive Plan (BIP) Trust is included in treasury shares which is excluded from the average number of shares in each period used to calculate the earnings (loss) per share, and is included in treasury shares which is excluded from the number of shares at the end of each period used to calculate the net assets per share. The average number of shares held by this trust was 156,744 shares in the previous fiscal period and 129,595 shares in the current fiscal year. This trust held 141,361 shares as of December 31, 2021 and 123,315 shares as of December 31, 2022.

3. The basis for calculating earnings (loss) per share is as follows.

	Previous fiscal period (April 1, 2021 – December 31, 2021)	Current fiscal year (January 1, 2022 – December 31, 2022)
Profit (loss) attributable to owners of parent (million yen)	15,888	(1,613)
Profit not attributable to common shareholders (million yen)	-	-
Profit (loss) attributable to owners of parent related to common shares (million yen)	15,888	(1,613)
Average number of shares outstanding (shares)	94,693,416	111,444,871

(Significant subsequent event)

None